

AMENDED IN ASSEMBLY AUGUST 15, 2005

AMENDED IN SENATE MAY 31, 2005

AMENDED IN SENATE MAY 4, 2005

AMENDED IN SENATE APRIL 18, 2005

SENATE BILL

No. 577

**Introduced by Senator Figueroa
(Principal coauthors: Senators Ducheny and Murray)**

February 18, 2005

An act to add Chapter 8.7 (commencing with Section 11830) to Part 1 of Division 3 of Title 2 of the Government Code, relating to state government operations.

LEGISLATIVE COUNSEL'S DIGEST

SB 577, as amended, Figueroa. State government operations: accountability.

Existing law generally sets forth the duties and responsibilities of the head of any state agency, department, board, commission, bureau, or program.

The bill would also, among other things, require all of the following to ensure government's fiscal responsibility:

(1) All state agencies, as defined, to participate in the CAL-Card Program for purchases up to \$5,000.

(2) The Department of Finance, in consultation with the Franchise Tax Board and the State Board of Equalization, to report, by January 1, 2008, to the Legislature on the effectiveness of "tax expenditures," as defined.

(3) The Controller to annually report to the Legislature the names of the agencies, departments, or programs required to submit internal

control certification letters and year-end financial reports, but did not submit them by the deadline.

(4) The Department of Finance to issue, coincident with the release of the Governor's Budget and the May revision to the Governor's Budget, a long-range financial plan for the state.

(5) The Department of Finance and the Controller to identify existing overall financial management standards for state government and, by July 31, 2006, to submit a specified report to the Legislature.

(6) The Governor to report by February 1, 2006, to the Legislature on the progress of consolidating federal grant-making functions.

(7) The Department of General Services by July 1, ~~2006~~ 2008, to submit a plan to the Legislature describing how it will ensure that state agencies pay the lowest airfare.

(8) All state agencies that contract for services to annually submit a specified report to the Legislature relating to those contracts.

(9) The Governor, by July 1, ~~2006~~ 2008, to create and implement a pilot volunteer leave program for state employees.

(10) The State Auditor to audit the state's telecommunications contracts *with telecommunication providers* to identify ~~overpayment for those services where the state was billed for more than the contracted value of the services provided~~ and to make recommendations to eliminate overpayment for telecommunications services.

(11) The Department of Technology Services to implement the State Auditor's recommendations regarding the state's telecommunications services contracts and to report to the Legislature by July 1, 2007, on the cost savings associated with implementing those recommendations.

(12) The state to consider whether all construction projects beginning after January 1, 2006, and funded with state money should use an owner controlled insurance program to reduce costs without risking performance or completion.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Chapter 8.7 (commencing with Section 11830)
- 2 is added to Part 1 of Division 3 of Title 2 of the Government
- 3 Code, to read:

CHAPTER 8.7. ENSURING GOVERNMENT FISCAL
RESPONSIBILITY

11830. (a) All state agencies shall participate in the CAL-Card Program for purchases up to five thousand dollars (\$5,000).

(b) (1) The Department of Finance, in consultation with the Franchise Tax Board and the State Board of Equalization shall report, by January 1, 2008, to the Legislature on the effectiveness of tax expenditures.

(2) For purposes of this subdivision, “tax expenditures” means any special provision in the tax law that results in the collection of fewer tax revenues than would be collected under the basic tax structure.

(3) The report shall address, but not be limited to, all of the following issues:

(A) The public policy purpose of the tax expenditure, whether that purpose is achieved, and, if so, whether it is achieved as a result of the tax expenditure.

(B) The effect of the tax expenditure on state and local revenues.

(c) (1) The Department of Finance shall annually report to the Legislature the names of the agencies, departments, or programs required to submit internal control certification letters to the department but did not.

(2) The Controller’s office shall annually report to the Legislature the names of the agencies, departments, or programs required to submit year-end financial reports, but that did not submit them by the respective deadline.

(d) Beginning January 1, 2007, the Department of Finance shall, coincident with the release of the Governor’s Budget and the May revision to the Governor’s Budget, issue a long-range financial plan for the state. The plan shall include, but not be limited to, revenue and expenditure projections for the next four years.

(e) The Department of Finance and the Controller shall identify existing overall financial management standards for state government and report to the Legislature, on or before July 31, 2006, about deficiencies in, failure to follow, and recommendations for, ~~improving~~ *improving*, the standards.

1 11831. (a) All state agencies shall use the State Contract and
2 Procurement Registration System and the Governor shall, by
3 February 1, 2006, certify to the Legislature that all managers who
4 might use it have been notified of the legal requirement to do so.

5 (b) The Governor shall, by February 1, 2006, report to the
6 Legislature on the progress of consolidation or coordination of
7 federal grant-making functions by a memorandum of
8 understanding or other means and shall report every month until
9 the Governor certifies that no further consolidation or
10 coordination will achieve savings or increase the federal funds
11 returning to California.

12 (c) All state agencies shall utilize the California Automated
13 Travel Expense Reimbursement System (CalATERS) ~~or other~~
14 ~~more efficient and less costly system~~ by January 1, 2008.

15 (d) The Department of General Services shall, by January 1,
16 2008, submit a plan to the Legislature describing how it will
17 ensure that all state agencies pay the lowest airfare, including,
18 but not limited to, ensuring that state fares do not exceed those
19 available on the Internet, and utilizing special plans for business
20 travelers.

21 11832. (a) State agencies that enter into contracts for services
22 shall annually report to the Legislature on or before March 31, on
23 the status of all of that agency's contracts for services entered
24 into during the 12 months preceding the date of the report. Each
25 report shall address, but not be limited to, the following issues:

26 (1) All efforts made by the agency to determine that the
27 services cannot be comparably performed by existing state
28 employees.

29 (2) All efforts made by the agency to comply with the
30 requirements contained in Article 4 (commencing with Section
31 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the
32 Government Code and Sections 10295 to 10412, inclusive, of the
33 Public Contract Code.

34 (b) The Governor's Office on Service and Volunteerism, in
35 consultation with the Department of Finance and the State
36 Controller, shall identify all funds donated directly to the state or
37 to any state-affiliated auxiliary foundation and shall, by ____,
38 propose to the Legislature amendments to Section 11005 that
39 would make donating to the state government easier and more
40 efficient.

1 (c) By July 1, ~~2006~~ 2008, the Governor shall create and
2 implement a pilot volunteer leave program for state employees.
3 The Governor shall designate the agencies and departments
4 selected for the pilot program. By March 1, ~~2008~~ 2010, the
5 Governor shall report to the Senate Committee on Budget and
6 Fiscal Review and the Assembly Committee on Budget whether
7 the state enjoyed any savings as a result of the pilot project,
8 whether it should be expanded, and, if so, suggested legislative
9 amendments and language for such an expansion.

10 (d) (1) On or before July 1, 2006, the State Auditor shall audit
11 ~~the state's telecommunications contracts. The audit shall identify~~
12 ~~telecommunication services and contracts where, through~~
13 ~~multiple billings, the state was billed for more than the value of~~
14 ~~the services provided, the state paid too much for the services~~
15 ~~provided, or both~~ *adherence to the state's telecommunications*
16 *contracts with telecommunications providers. The audit shall*
17 *identify telecommunication charges where the state was billed*
18 *for more than the contracted value of the services provided.* The
19 State Auditor may make recommendations for state agencies to
20 eliminate overpaying for telecommunications services. The
21 Department of Technology Services shall reimburse the State
22 Auditor for all costs associated with the audit required by this
23 subdivision.

24 (2) On or before December 31, 2006, the Department of
25 Technology Services shall implement the recommendations of
26 the State Auditor and, on or before July 1, 2007, shall report to
27 the Governor and the Legislature about the implementation of the
28 State Auditor's recommendations and whether the
29 recommendations, as implemented, have resulted in cost savings.

30 (e) The Governor shall report to the Legislature by March 1,
31 2006, on the status of compliance with Sections 15814.30 to
32 15814.35, inclusive, requiring "life-cycle" costing of state
33 construction projects.

34 (f) For all construction projects beginning after January 1,
35 2006, that are funded with state money the state shall consider
36 whether an owner controlled insurance program may reduce
37 costs without risking performance or completion.

1 11833. For purposes of this chapter, “state agency” has the
2 same meaning as that contained in Section 11000.

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